

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 153757
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 COME-00 STR-07 AGRE-00
CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 STRE-00 JUSE-00 /113 R

DRAFTED BY EB/OT/TA:ABWOODS:PRM
APPROVED BY EB/OT/TA:WBARRACLOUGH
COMMERCE:DHARDING
COMMERCE:CWEAVER
EUR/CAN:GMONROE
STR:MSCHWETTZER

-----104960 161848Z /43

P 161826Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA PRIORITY

LIMITED OFFICIAL USE STATE 153757

E.O. 11652: N/A

TAGS: ETRD, CA, EIND

SUBJECT: GOC TO STUDY AUTO INDUSTRY

1. SUMMARY: CANADIAN AMBASSADOR INFORMED DEPARTMENT
JUNE 15 THAT GOC WILL UNDERTAKE A STUDY AIMED AT DEVELOPING
A "BALANCED AND INTERNATIONALLY COMPETITIVE AUTOMOTIVE

INDUSTRY." INCONCLUSIVE DISCUSSIONS WITH MAJOR AUTO
MANUFACTURERS REGARDING BALANCED GROWTH IN THE NORTH
AMERICAN MARKET HAVE PROMPTED STUDY. GOC MUST TAKE SOME
ACTION DUE TO POLITICAL SENSITIVITY OF ISSUE BUT DOES NOT
CONTEMPLATE RENEGOTIATION OF THE AUTO AGREEMENT. END SUM-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 153757

MARY.

2. CANADIAN AMBASSADOR PETER TOWE CALLED ON ASSISTANT
SECRETARY JULES KATZ JUNE 15 TO ADVISE THE USG THAT THE
CANADIAN GOVERNMENT WILL ANNOUNCE JUNE 16 A STUDY ON THE
COMPETITIVENESS OF THE CANADIAN AUTOMOTIVE INDUSTRY.
SUBSTANTIAL INVESTMENTS PLANNED BY THE MAJOR US AUTO

MANUFACTURERS TO COMPLY WITH EMISSION AND FUEL-EFFICIENCY REGULATIONS AND A SERIES OF "INCONCLUSIVE DISCUSSIONS" HELD WITH THE MAJOR AUTO COMPANIES TO ASSURE "BALANCED GROWTH IN THE NORTH AMERICAN MARKET," HAD PROMPTED THE

STUDY. S.S. REISMAN WILL CHAIR THE STUDY, SCHEDULED FOR COMPLETION BY THE END OF OCTOBER.

3. AMBASSADOR TOWE MADE FOLLOWING POINTS:

A) HIGH POLITICAL PROFILE OF ALLEGED INEQUITIES UNDER THE AUTO AGREEMENT, PARTICULARLY IN THE LIBERAL STRONGHOLD OF ONTARIO, HAD FORCED THE GOC TO DO SOMETHING--OR APPEAR TO DO SOMETHING--ABOUT PARTS DEFICIT AND INVESTMENT.

B) INVESTMENT INCENTIVES OFFERED AUTO COMPANIES BY US STATES AND LOCALITIES ARE EXACERBATING CANADIAN DIFFICULTIES IN SECURING NEW INVESTMENT BUT DID NOT PRECIPITATE THE STUDY. THE GOC WILL CONTINUE TO ANALYZE THE EFFECTS OF THESE INCENTIVES ON POTENTIAL INVESTMENT IN CANADA.

C) THE GOC DOES NOT CONTEMPLATE RENEGOTIATION OF THE AUTO AGREEMENT. NOR DOES THE GOC CONTEMPLATE THE REISMANN STUDY CONCLUDING THAT RENEGOTIATION OF THE PACT IS APPROPRIATE, BUT IT CANNOT PREJUDGE THE STUDY'S CONCLUSION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 153757

4. AMBASSADOR ALSO PROVIDED DEPARTMENT WITH "TERMS OF REFERENCE" FOR STUDY AS CONFIDENTIAL GOVERNMENT-TO-GOVERNMENT DOCUMENT. TERMS OF REFERENCE ESSENTIALLY GIVE REISMAN BROAD AUTHORITY TO INVESTIGATE ALL ASPECTS OF THE CANADIAN AUTOMOTIVE INDUSTRY IN CANADA, IN THE US, AND IN THIRD COUNTRIES. TOWE ASSURED KATZ THAT ANY CONTACTS WITH THE USG RELATING TO THE STUDY WOULD BE PROCESSED THROUGH USUAL DIPLOMATIC CHANNELS.

5. KATZ RESPONDED THAT STUDY IN ITSELF WAS "UNEXCEPTIONAL" BUT THAT USG IS CONCERNED ABOUT THE POLITICAL SITUATION WHICH PROMPTED THE STUDY. IN RESPONSE TO QUESTION FROM AMBASSADOR, KATZ AGREED THAT THERE MIGHT BE CONGRESSIONAL QUESTIONS REGARDING THE STUDY NEWSOM

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRY, AUTOMOBILES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE153757
Document Source: CORE
Document Unique ID: 00
Drafter: ABWOODS:PRM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780252-0561
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780649/aaaabqhp.tel
Line Count: 108
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ce29c486-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2314084
Secure: OPEN
Status: NATIVE
Subject: GOC TO STUDY AUTO INDUSTRY
TAGS: ETRD, EIND, CA
To: OTTAWA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ce29c486-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014